

Financial Report

3rd Quarter 2011



October 31, 2011

General Fund Update

Inside this issue: Page

Business & Occupation Tax	2
Retail Sales & Use Tax	2
Property Tax	3
Utility Taxes	3
Real Estate Excise Tax	4
Economic Development Fund	5
Development Revenues	5
Investment	6
Utility Funds	6
Fund Balances	7

Revenue Update:

The City's total revenue collections for the General Fund were \$3,712,150 compared to \$3,804,752 at the same time in 2010. The difference of \$92,602 is mainly attributable to \$181,973 less in Property Tax received through the third quarter of last year. In 2010 Property Tax revenue included \$216,854 in one-time monies received from the Tanner Annexation, when the one-time monies are removed from the 2010 year-to-date total 2011 Property Tax receipts are up by \$34,881 and 2011 total revenue is up by \$124,252. B&O Tax receipts were \$497,093 and are down by 6.6% (\$34,994) from last year. On the up side, Retail Sales & Use Tax showed a \$45,167 increase over 3rd quarter of 2010. Other increases were Utility Tax (private and City) \$40,410, Licenses and Permits \$75,159 (11% increase), Charges for Services increased by \$13,508 and Fines & Forfeits were 84% (\$13,771) higher than at this time last year.

Bottom Line:

The total revenue for the General Fund ended the third quarter at 71.64% of projected.

GENERAL FUND DEPARTMENTAL BUDGET UPDATE

Department	2011 Y.T.D. Expenditures	2011 Budget	% of Budget used	Explanation
Legislative & Executive	\$ 49,519	\$ 56,604	87%	1
Court Services	32,176	29,000	111%	2
Administration	213,148	229,186	93%	1
Finance	192,239	429,820	45%	
Legal	92,290	144,775	64%	
Central Services	121,974	174,272	70%	
Police & Jail	1,218,380	1,516,268	80%	2
Fire	658,701	783,412	84%	2
Building & Planning	354,608	499,705	71%	
Funds to Other Organizations	74,756	90,900	82%	3
Parks, Culture & Recreation	356,784	472,254	76%	
Transfers	508,009	774,065	66%	
TOTALS	\$ 3,872,585	\$ 5,200,261	74%	

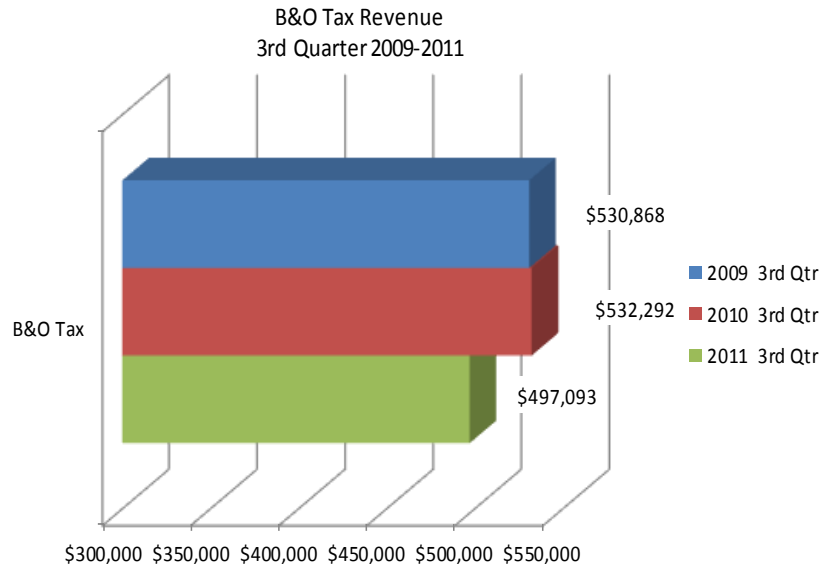
Explanations for significant departmental over/under budget

- (1) Annual dues and membership payments caused departmental expenditures to be higher than the 75% of budget projected for the 3rd quarter.
- (2) Due to budget concerns in 2010 monthly payments for November and December of 2010 were held over and paid in 2011.
- (3) Human Service Grants that elected to receive a single annual payment are paid in June.

Business and Occupation Tax

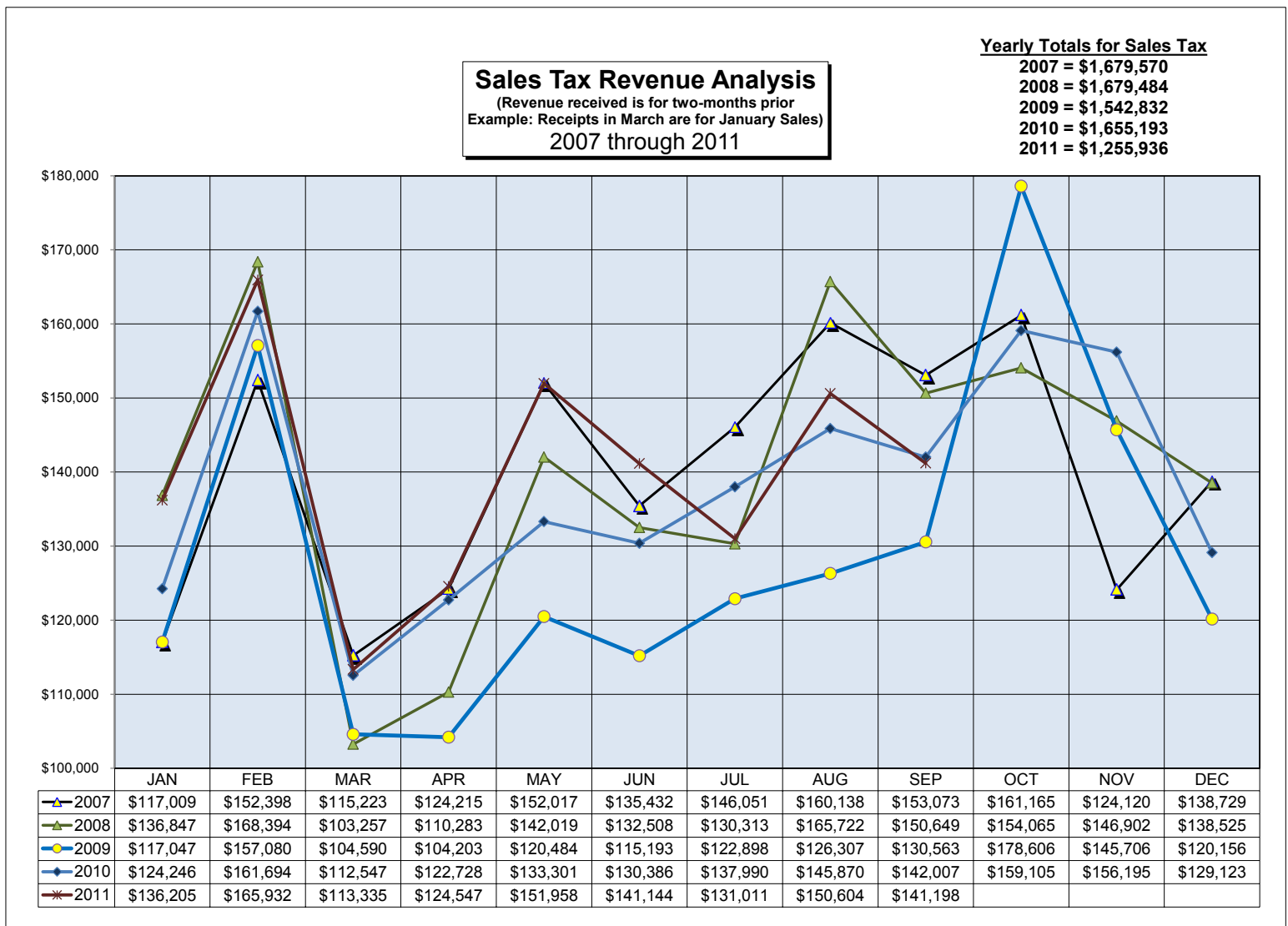
The City's Business & Occupation (B&O) tax is charged to all companies that conduct business activity in the city, whether or not they are located here.

In 2011, year-to-date, we have received \$497,093 in revenues; this is 62.18% of our current 2011 projections. Compared to 2010, we have received \$34,994 (or 6.58%) less in revenues than at this time last year.



Retail Sales & Use Tax

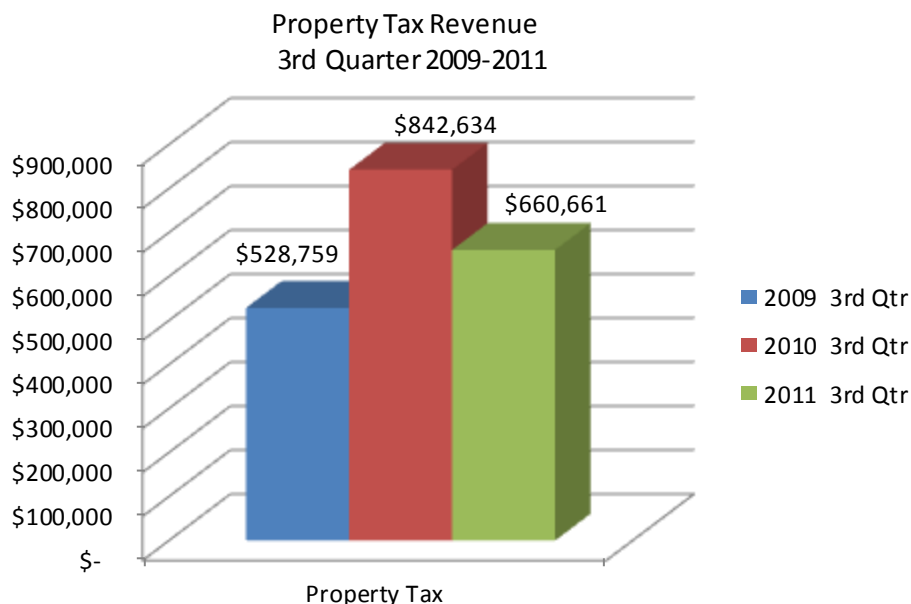
Through the end of the third quarter in 2011 we collected \$1,255,936 in Retail Sales and Use Tax; in 2010 our collections were \$1,210,769 which is a 3.7% increase over last year. Current year-to-date collections are at 76.49% of projections.



Property Tax

Property tax collections were \$181,973 lower than third quarter 2010. This is due to the one-time Tanner Annexation payments received in 2010. In 2010 the City received \$137,166 in Road Tax and \$79,688 District 38 Fire Levy for the annexation area. When that one-time revenue is removed from the 2010 totals the 2011 receipts are actually up by \$34,881.

Almost all property tax payments are received in May & November because the King County Assessor’s office collects them on our behalf in April and October. Receipts are at 53.71% of the annual projections and we anticipate reaching the budgeted projection.



Utility Taxes

The City of North Bend imposes a 6% utility tax on private utilities: electricity, natural gas, telephones and cell phones. City of North Bend utilities are also taxed at 6%: water, sewer and solid waste. The TV cable utility pays a 5% franchise fee to the City.

As of the end of the third quarter of 2011 the amount received from private utilities was \$499,648, a \$21,423 (4.5%) increase over the same period last year. The City utilities third quarter income increased by 11.5% over last year. The increase was due to a rate increase from the utility companies.

Utility Tax Revenues	2010 Y.T.D.	2011 Y.T.D.	Change
Private Utilities	\$ 478,225	\$ 499,648	4.5%
City of North Bend's Utilities	165,219	184,206	11.5%
Cable TV Utility	62,835	61,512	-2.1%
Total	\$ 706,279	\$ 745,365	5.5%

Real Estate Excise Tax

Real estate excise tax (REET) is the major funding source for the Capital Improvement Fund. The tax is imposed on all sales of real estate in the City at the total rate of one-half percent (two one-quarter percent assessments).

The third quarter of 2011 showed an slight increase of 3.9% (\$3,819) over this time last year. The real estate excise tax collected, year-to-date for 2011, is \$101,097 (84.25% of the projected \$120,000 for 2011) versus \$97,278 at this same time in 2010.



Economic Development Fund

The Hotel-Motel Tax is one of two revenue streams (the other is an annual transfer of sales tax revenues from the General Fund) that support the Economic Development Fund. The Hotel-Motel tax is a 1% tax on the cost of renting a room in a hotel or motel within the city. The tax is used to support tourism activities in the city.

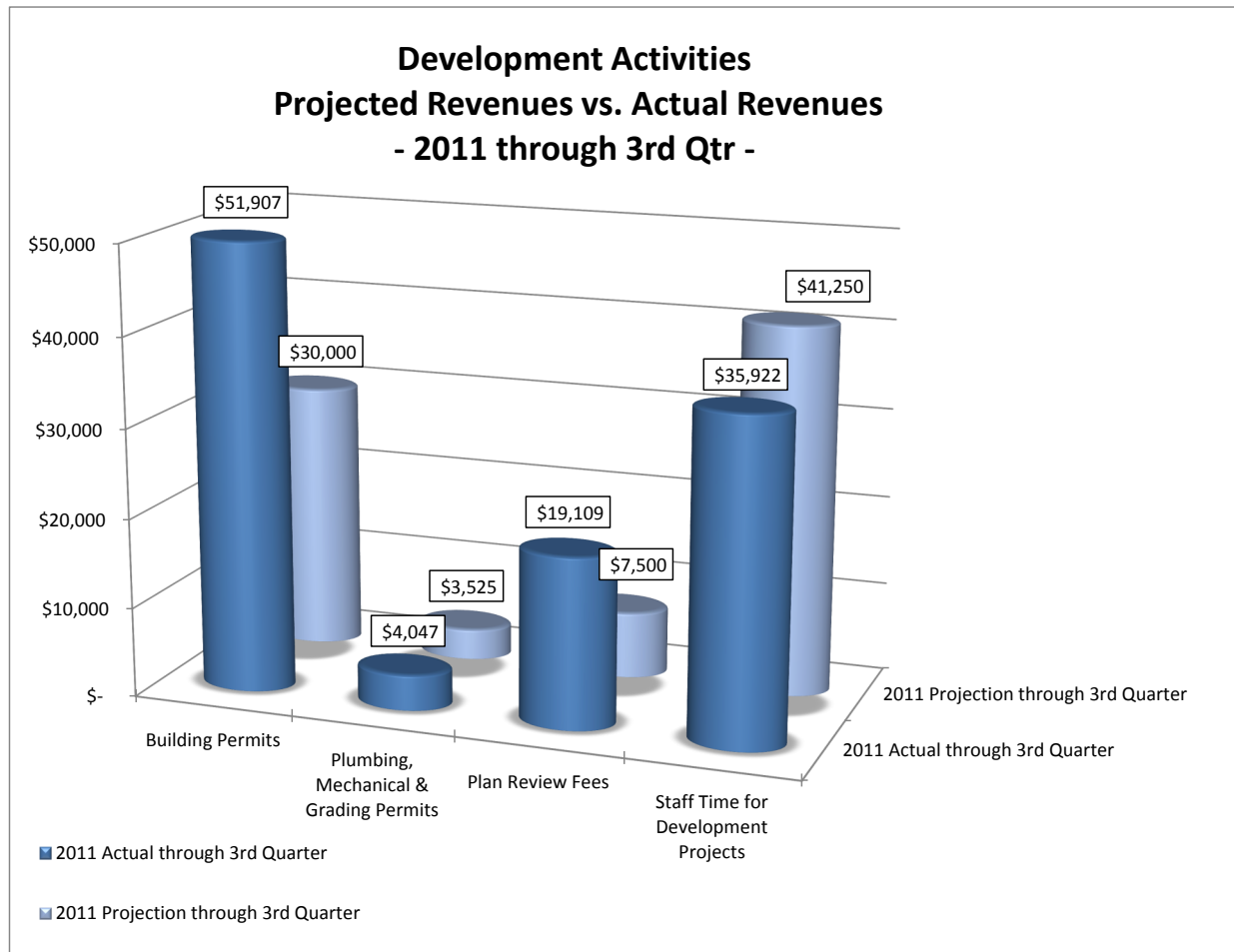
As of September 30, 2011, the City collected \$6,062 (140.97% of projected) in Hotel/Motel tax. The additional revenue is attributed to the Tanner Annexation's addition of the hotel at Edgewick.

Revenues	2009 3rd Qtr	2010 3rd Qtr	2011 3rd Qtr
Hotel/Motel Tax	\$ 2,860	\$ 5,607	\$ 6,062
2% of City Wide Sales Tax Revenue (capped at \$32,000)	32,000	32,000	32,000

Development Revenues

Development Revenues include building, plumbing, mechanical & grading permits, plan review fees and staff-time for development projects. This group of revenues has decreased a small amount (1.6%) compared to one year ago. In 2010 the collections through the 3rd quarter were \$112,813 whereas 2011 year-to-date collections are at \$110,985. The decrease in revenue is due to development project staff time charges being down by \$19,909 from 2010. Although staff time numbers are down, Building Permit fees are up by \$13,933 and Plan Review fees are \$4,109 higher than 2010 third quarter totals.

Overall, development activities are at 134% or \$28,710 higher than the 2011 projections.



INVESTMENTS

Investment	Interest Rate	Maturity	Balance as of: 9/30/11
Washington State Investment Pool	0.13%	ongoing	\$ 5,550,351
Cascade Bank: Certificate of Deposit	0.65%	Mar-2012	\$ 242,381
Bank of the Northwest: Certificate of Deposit	1.10%	Mar-2012	\$ 250,000
Total Investments			\$ 6,042,732

Utility Funds

Utility Operating Funds	Beginning Balance	Revenues thru 3rd Qtr		Expenditures thru 3rd Qtr		2011 Y.T.D.
	2011	2010	2011	2010	2011	Ending Fund Balance
Water	\$483,641	\$711,510	\$896,632	\$1,002,095	\$916,789	\$463,485
Sewer	602,971	1,394,210	1,371,355	1,294,045	961,899	\$1,012,427
Storm Drainage	293,228	470,145	530,558	431,336	484,421	\$339,364
Flood	252,617	740,631	157,317	58,929	57,837	\$352,097
Solid Waste	4,830	88,740	41,632	85,837	41,246	\$5,216
TOTALS	\$1,637,288	\$3,405,237	\$2,997,493	\$2,872,243	\$2,462,192	\$2,172,589

* In 2010 the State Auditor mandated that all Enterprise Funds report all capital and debt in one fund and not in separate funds as was previously the practice. The above numbers reflect this change.

WATER

The Water Fund's 2011 year-to-date metered sales were \$749,041, 71.02% of the annual projection. This is down slightly due to an extremely wet spring and summer. In 2010, at this time metered sales were \$692,335. This increase is due to a water rate increase of 12.6% for 2011.

Through the third quarter of 2011 we received \$10,510 in Water Facility Fees, this compares to \$16,980 in 2010.

SEWER

Sewer service revenues through the third quarter of 2011 were \$1,143,490 (77.18% of

Budget), compared to revenues of \$1,097,986 in 2010. The rate increase of 7% was based on the CPI-W for Seattle-Tacoma August Average.

The Sewer Capital Facility Fee has received \$188,760 in GFC purchases through the 3rd quarter of 2011 compared to \$24,050 in 2010.

STORM DRAINAGE / FLOOD

Revenues in the Storm Drainage/Flood Utility consist of fees, surcharges and permits. The Storm Drainage Service Charge was \$507,209, compared to \$464,816 in 2010 and the Floodplain Management Surcharge was \$128,393 compared to revenues of \$117,235 in 2010.

The Storm Drain Facility Fees received through September were \$14,650 compared to \$4,690 in 2010.

SOLID WASTE

Solid Waste is operated by contracting with Allied Waste Services (AWS). Currently the City has a contracted with Epicenter Services as a consultant to review the City's solid waste fees and help negotiate the City's new solid waste contract. Through September the City has received \$16,715 in (net) Solid Waste receipts from Allied Waste.

Fund Balances as of September 30, 2011

Fund #	Fund Name	Beginning Balance 1/1/11	YTD Revenues & Transfers	YTD (Expenditures) & (Transfers)	Ending Balance 9/30/11
Governmental	001 General Fund	\$ 880,036	3,712,150	3,873,057	719,130
Special Revenue Funds	101 Street Fund	\$ (0)	375,693	375,693	0
	102 Arterial Fund	\$ 140,604	238,678	170,591	208,691
	103 Street Overlay	\$ -	100,000	5,241	94,759
	106 Impact Fees	\$ 53,004	49,545	0	102,548
	108 Economic Development Fund	\$ 3,413	48,782	49,167	3,028
	109 Contingency Fund	\$ 3,295	0	0	3,295
	110 Capital Improvement/REET	\$ 2,246	122,046	109,320	14,972
	116 Park Improvement Fund	\$ 62,653	42,610	74,368	30,895
	125 Development Projects	\$ 54,509	102,859	118,758	38,610
Debt Funds	211 LID #5 Bond Redemption	\$ 15,245	47,297	61,729	813
	215 Padavich Municipal Property	\$ -	45,933	45,933	0
	216 Fire Station Bond	\$ -	2,259,440	30,549	2,228,890
	240 PWTF Loan Debt Service	\$ -	17,341	17,341	0
Construction Funds	310 Municipal Projects Fund	\$ -	552,294	552,294	0
Utility/ Enterprise Funds	401 Water Fund	\$ 483,641	896,632	916,789	463,485
	402 Sewer Fund	\$ 602,971	1,371,355	961,899	1,012,427
	404 Storm Water	\$ 293,228	530,557	484,421	339,364
	404-100 Flood Fund	\$ 252,617	157,317	57,837	352,097
	405 Solid Waste Fund	\$ 4,830	41,632	41,246	5,216
	450 "Trucktown" ULID: Construction	\$ 2,802,048	3,144	2,452,353	352,839
	451 "Trucktown" ULID: Bond Rdempt	\$ -	391,210	391,210	0
Internal Service Funds	501 Equipment Rental Fund	\$ (0)	342,850	342,850	0
	502 Equipment Rental Reserve	\$ 281,243	88,968	23,909	346,302
Fiduciary/Trust Funds	621 LID Guaranty Fund	\$ -	61,099	61,099	0
	635 Treasurer's Trust	\$ 15,454	103,180	48,521	70,112
TOTALS		\$ 5,951,036	11,702,611	11,266,176	6,387,471

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